



MINUTES

Bonding Committee

**First and Final Meeting
2004 Interim
November 22 & 23, 2004**

**Legislative Conference Rooms 1 & 2
State Capitol
Pierre, South Dakota**

Monday, November 22, 2004

The first and final meeting of the 2004 Interim of the Bonding Committee was called to order by Chair Orville Smidt at 1:08 p.m., November 22, 2003, in Legislative Conference Rooms 1 and 2 of the State Capitol, Pierre, South Dakota.

A quorum was determined with the following members answering the roll call: Senators Tom Dempster, H. Paul Dennert, Brock Greenfield, Gil Koetzle; and Representatives Julie Bartling, Rebekah Craddock, Phyllis Heineman, Claire Konold, Gerald Lange, Matthew Michels, and Orville Smidt. Senators Arnold Brown, Royal "Mac" McCracken, and Ed Olson; and Representative Ron Williamson were excused. **NOTE:** Senator Ed Olson was present on November 23, 2004.

Staff members present included Fred Baatz, Principal Research Analyst, and Teri Retrum, Senior Legislative Secretary.

(NOTE: For sake of continuity, the following minutes are not necessarily in chronological order. Also, all referenced documents are on file with the Master Minutes.)

Reception of Annual Reports

South Dakota Housing Development Authority

Ms. Dar Baum, and Mr. Mark Lauseng, representing the South Dakota Housing Development Authority, discussed with the committee the Authority's annual report (Document #1). Ms. Baum said that the Authority has issued \$294,150,000 in home ownership bonds to support the First-time Homebuyer Program; as of June 30, 2004, the Housing Authority has contracted for 14,500 loans—the participants are an average age of thirty, and the average family size is two members. Ms. Baum said that the Authority has been working on homelessness and that they do provide some housing assistance on South Dakota's reservations. Regarding the Governor's House Program, Ms. Baum said that 1,282 homes have been sold as of October 31, 2004. Also, Ms. Baum said that 60 daycare units have been placed or are on order. She said that the Authority's bond ratings remain high.

REPRESENTATIVE MICHELS MOVED, SECONDED BY REPRESENTATIVE KONOLD, THAT THE BONDING COMMITTEE RECEIVE AND ACCEPT THE REPORT FROM THE SOUTH DAKOTA HOUSING AUTHORITY INTO THE RECORD. The motion prevailed unanimously on a voice vote.

The committee recessed at 1:30 p.m. and reconvened at 10:00 a.m. on November 23, 2004.
Tuesday, November 23, 2004

South Dakota Building Authority

Mr. Don Templeton, representing the South Dakota Building Authority, discussed the Authority's annual report (Document #2). Mr. Templeton reported that no new projects were financed for the period from November 18, 2003, through November 23, 2004. He said that the Conservation Reserve Enhancement Program (C.R.E.P.) is winding down. Mr. Templeton discussed the financings and construction projects in progress. He noted a map showing projects funded. Mr. Templeton said that no audit exceptions have been noted.

SENATOR DEMPSTER MOVED, SECONDED BY REPRESENTATIVE MICHELS, THAT THE BONDING COMMITTEE RECEIVE AND ACCEPT THE REPORT FROM THE SOUTH DAKOTA BUILDING AUTHORITY INTO THE RECORD. The motion prevailed unanimously on a voice vote.

South Dakota Health and Educational Facilities Authority

Mr. Templeton, representing the South Dakota Health and Educational Facilities Authority, discussed the Authority's annual report (Document #3). Mr. Templeton discussed new projects financed, assisted projects, and projects currently in progress. He noted maps showing healthcare and educational projects funded. Regarding the funding provided to Sioux Valley Hospitals and Health System for a hospital and clinic in Luverne, Minnesota, Mr. Templeton said that a new law allows for funding in another state, if:

1. That state is contiguous to South Dakota;
2. The project is related to a South Dakota operation; and
3. The project is of benefit to South Dakota.

Mr. Templeton commented that all bonds are in acceptable financial condition.

REPRESENTATIVE MICHELS MOVED, SECONDED BY REPRESENTATIVE LANGE, THAT THE BONDING COMMITTEE RECEIVE AND ACCEPT THE REPORT FROM THE SOUTH DAKOTA HEALTH AND EDUCATIONAL FACILITIES AUTHORITY INTO THE RECORD. The motion prevailed unanimously on a voice vote.

South Dakota Conservancy District

Mr. James Feeney, representing the South Dakota Conservancy District, discussed the annual report of the Clean Water State Revolving Fund (Document #4) and the annual report of the Drinking Water State Revolving Fund (Document #5). Mr. Feeney also distributed copies of the following:

1. Moody's upgrades to Aaa From AA1 the rating on \$38.7 million of South Dakota Conservancy District State Revolving Fund Bonds, Series 2004 (Master Trust) (Document #6); and
2. Standard & Poor's rationale for the AAA rating on South Dakota Conservancy District's state revolving fund program bonds series 2004 (Document #7).

Mr. Feeney reported that the Conservancy District approved 10 loans with 9 communities totaling \$11,369.351.

Mr. Feeney said that all current loans are being paid on schedule.

Responding to Senator Tom Dempster, Mr. Feeney said that to his knowledge no one has been turned down for loans under these bonding authorities, and he expects that the Conservancy District will be able to meet future demands.

SENATOR DEMPSTER MOVED, SECONDED BY SENATOR DENNERT, THAT THE BONDING COMMITTEE RECEIVE AND ACCEPT THE REPORTS FROM THE SOUTH DAKOTA CONSERVANCY DISTRICT. The motion prevailed unanimously on a voice vote.

South Dakota Economic Development Authority

Mr. Jim Hagen, representing the South Dakota Economic Development Authority, reviewed the Authority's annual report (Document #8). Mr. Hagen said that the South Dakota Economic Development Authority not only wants to attract businesses to South Dakota to create job opportunities but also wants to encourage those businesses to become good citizens of South Dakota and to treat their employees well.

REPRESENTATIVE MICHELS MOVED, SECONDED BY SENATOR KOETZLE, THAT THE BONDING COMMITTEE RECEIVE AND ACCEPT THE REPORT FROM THE SOUTH DAKOTA ECONOMIC DEVELOPMENT AUTHORITY INTO THE RECORD. The motion prevailed unanimously on a voice vote.

South Dakota Value Added Finance Authority

Ms. Carmen Keyes, representing the South Dakota Value Added Finance Authority, reviewed the Authority's annual report (Document #9). Ms. Keyes briefed committee members on the Beginning Farmer Bond Program, Agribusiness Bond Program, Livestock Nutrient Management Bond Program, and the Value Added Agribusiness Relending Program. She noted the listing of individuals participating in the Beginning Farmer Bond Program.

SENATOR GREENFIELD MOVED, SECONDED BY REPRESENTATIVE HEINEMAN, THAT THE BONDING COMMITTEE RECEIVE AND ACCEPT THE REPORT FROM THE SOUTH DAKOTA VALUE ADDED FINANCE AUTHORITY INTO THE RECORD. The motion prevailed unanimously on a voice vote.

Mr. Fred Baatz, LRC, noted that the South Dakota Railroad Authority has experienced no activity, and the South Dakota Science and Technology Authority has no bond issues to report, so they were not required to present a report to the Bonding Committee.

Adjournment

REPRESENTATIVE KONOLD MOVED, SECONDED BY REPRESENTATIVE HEINEMAN, THAT THE COMMITTEE ADJOURN. The motion prevailed unanimously on a voice vote.

The committee adjourned at 11:10 a.m.



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